



Rural Development

United States Department of Agriculture

Home Loan Guarantee Quick Reference Guide

Additional Resources

Our Goal

Increase the capacity of private lenders to help families and individuals in rural communities achieve the dream of home ownership.

Free Underwriting Software

- Desktop underwriting system for loan approval.
- Free to lenders and bankers.
- Reduces documentation requirements.
- Call for details.

Tennessee Contact

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Home Loan Guarantee:

Links to all information and forms needed to request an RD loan guarantee in Tennessee.

www.rurdev.usda.gov/TN-Lenders-SF-FAQ.html

Property & Income Eligibility:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

FHA Appraisers Roster:

Using these appraisers may reduce the number of inspections required for guarantee approval.

<https://entp.hud.gov/idapp/html/apprlook.cfm>

ASC Appraisal Roster:

Appraisers used must be on this list.

www.asc.gov/content/category1/standard-Searches.aspx?queryType=6

Federal Excluded Parties Listing:

A list of people who have been debarred from doing business with the Federal Government.

www.epls.gov

Fannie Mae:

Current interest rates.

www.efanniemae.com/sf/refmaterials/hrny/index.jsp

THDA:

Tennessee Housing Development Agency (THDA) educational and downpayment assistance available to qualified homebuyers.

<http://state.tn.us/thda/Programs/Mortgage/mortcvr.html>

USDA Rural Development is an equal opportunity Lender, Provider, and Employer.

Complaints of discrimination should be sent to USDA, Director, OCR, Washington, D.C. 20250-9410 or call (800) 795-3272 or (800) 720-6382 TDD.



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Benefits

For Borrowers

- No private mortgage insurance (PMI) or mortgage insurance premium (MIP).
- Term - 30 years.
- Closing costs may be included in loan (no discount points).
- Appraised values can be exceeded by the amount of the guarantee fee - up to 102% LTV.

For Lenders

- Streamlined credit documentation with FICO score of 640 or higher in most cases.
- 90% guarantee means greater liquidity.

Terms

- Term - 30 years.
- 29% PITI (principal, interest, taxes, insurance),
- 41% TD ratios (waivers allowed).
- Low guarantee fee of 2% on purchases.
- Annual renewal fee of .4%
- Low refinance fee 2%.
- CAVIRS number(s) required.

Loan Purposes

- Buy existing home.
- Buy land to build new home.
- Buy a new manufactured home.
- Pay closing costs.
- Pay pre-paid insurance.
- Pay necessary repairs.
- Refinance existing Rural Development guaranteed or direct loan.

Existing Home - Requirements

- Satisfactory appraisal.
- Well test.
- Termite letter.
- Must be certified to meet HUD handbook sections 4905.1 and 4150.2.

New Home - Requirements

- Satisfactory appraisal.
- Thermal certification.
- Plan certification.
- One year warranty on footings, framing and final inspection or 10 year warranty on final inspection.
- Termite treatment certificate.
- Well test.
- Septic system certification.

Eligibility

- First time home buyer not a requirement.
- Income must be within limits.
- Income must be dependable.
- Adequate ability to repay the loan.
- Acceptable credit history.
- Cannot obtain conventional financing.
- Citizen or permanent legal resident.
- Owner must occupy.
- Legal capacity to incur debt.
- Bankruptcy OK if discharged for 36 months.

Income

- All household income counted.
- Overtime, bonuses and commissions count, if supported by history.
- Child support counts with 12 month history.
- Self-employment (use IRS net income) 2 year history plus current info needed.
- Same job or line of work for past 24 months.
- Degree or certification can substitute for job time.
- Verifiable wages, social security, public assistance, etc..
- Debts with 6 months or more owed will be counted.

Income Deductions

- \$480 annually for each child under 18.
- Over 18 may count if full time student living at home.
- Actual child care expenses for children under 12 if parents work or are in school.
- \$400 annually for applicant or co-applicant if handicapped or elderly.
- Medical deductions may be considered for handicapped or elderly applicants.

Location

- Property must be located in an eligible rural area. See link on next page.
- Land value cannot exceed 30% of total value.

